

# *Multistate Tax Commission*



## **Minutes Annual Business Meeting of the Multistate Tax Commission Friday, July 29, 2005 Doubletree Hotel Boise-Riverside Boise, Idaho**

### **I. Roll Call of the States**

Bill Six, MTC Administrative Officer called the roll of the states. The following persons attended:

<b>Name</b>	<b>State or Affiliation</b>	<b>Name</b>	<b>State or Affiliation</b>
Bruce Johnson, Comm'n Chair	UT	Mark Treesh	KY
Mike Mason	AL	Dan Salomone	MN
Robynn Wilson	AK	Don Trimble	MN
Tom Atchley	AR	Gene Walborn	MT
Danny Walker	AR	Brenda Gilmer	MT
Donna McCuin	AZ	Jan Goodwin	NM
Ben Miller	CA/FTB	Cory Fong	ND
Cindy Granner	CO	Elizabeth Harchenko	OR
Glen Groff	D.C.	Jack Magee	SD
Lynn Chenoweth	ID	Rod Marrelli	UT
Coleen Grant	ID	Tremaine Smith	WA
Dewey Hammond	ID	Virgil Helton	WV
Ted Spangler	ID	Andrew Glancy	WV
Joan Wagnon	KS	Mike Geesey	WY
		Eric Parker	State Tax Notes
<b>MTC Staff and Consultants</b>			
Joe Huddleston	Frank Katz	Kenneth Beier	
Elliott Dubin	Les Koenig	Sheldon Laskin	Jim Rosapepe
Shirley Sicilian	William Six	Roxanne Bland	Patuxent Consulting

### **II. Public Comment Period**

Bruce Johnson, Chair, called for public comments. None was offered.

### **III. Approval of Minutes of the November 10, 2004 Special Commission Teleconference Meeting.**

Oregon moved that the minutes of the November 10, 2004 Special Commission Meeting be approved following correction of the date on the minutes to the correct year, 2004. Minnesota seconded the motion. The minutes were approved. [Note: Minutes of the July 30, 2004 Annual Meeting were approved at the November 10, 2004 teleconference meeting.]

#### **IV. Report of the Treasurer**

Joan Wagnon (KS), MTC Treasurer, noted:

- The 12-month financial report will be available in a few weeks
- The annual audit of the financial statements is scheduled for the week of September 16
- The audited financial statements as of and for the year ended June 30, 2005 will be available at the next Executive Committee meeting, which be held in November.

Ms. Wagnon then presented a summary of the Treasurer's report for the eleven-month period ended May 31, 2005 that was presented at the Executive Committee meeting on Wednesday, July 27, 2005.

Kansas moved and Oregon seconded that the Treasurer's report be adopted. The motion passed on voice vote.

#### **V. Report of the Executive Director**

The Interim Executive Director, Mr. Frank Katz, MTC General Counsel, thanked the States for their participation, and in particular, thanked Idaho for its help and hospitality in preparing and conducting the Annual Meeting. He reported that we are losing several folks who have been strong leaders in the MTC, including: Gerald Goldberg (CA-FTB); our own Executive Director, Dan Bucks, who is now the Director in Montana; our Deputy Executive Director, René Blocker; and our Executive Assistant, Charmaine Wright. Mr. Katz informed the Commission that although there remains much work to be done, we have made good progress on the compliance initiatives and have been active on amicus briefs. He expressed his optimism for a new era for the Commission with our new Executive Director.

Elizabeth Harchenko (OR) thanked Mr. Katz for his work performing dual roles as General Counsel and Executive Director during this interim period.

#### **VI. Report of the Executive Committee and other Committees**

Oregon moved to accept the Audit, Litigation, Technology, Uniformity and Training Committee reports as given. New Mexico seconded, and the motion passed.

Oregon moved to accept the Nexus and Combined Registration reports as given. Minnesota seconded, and the motion passed.

The Interim Executive Director gave the Report of the Executive Committee. Oregon moved to accept the report of the Executive committee. California seconded, and the motion passed.

Oregon moved to ratify all actions of the Executive committee, and specifically the 2006 assessment of states. Montana seconded, and the motion passed.

## **VII. Unfinished Business**

None.

## **VIII. New Business**

### **A. Proposed Amendment to the Public Participation Policy**

Oregon move to amend the Commission's public participation policy to permit closed sessions to discuss negotiation directions for the purchase of personal property and services, in addition to real property in accordance with the recommendation set forth in the memorandum to the Commission by Frank Katz, MTC General Counsel. Idaho seconded and the motion passed.

### **B. Proposed Model Affiliate Sales Tax Nexus Provision**

### **C. Proposed Model Statute for Combined Reporting.**

The Chair explained the voting process for Uniformity matters, including the requirement that to be adopted a measure must obtain an affirmative vote from states representing at least 60% of Commission member states and 50% of the population of Commission member states. In light of the fact that the states present at the meeting reflect less than 50% of the population, the vote on both Uniformity matters will be deferred. A Special Commission meeting by teleconference will likely be held in November or earlier, and will hopefully have full participation at that time. No action is needed for a deferral.

## **IX. Report of the Resolutions Committee**

The Resolutions Committee presented the following resolutions and statements.

### **A. Honorary Resolutions: 2005 A-M**

Oregon moved the following Honorary Resolutions 2005A-M be adopted. California Seconded. The Chair declared the resolutions adopted on a voice vote with no objections and no abstentions.

- Honorary Resolution 2005 A - In Appreciation of the Idaho Tax Commission, Host of the 2005 Annual Meeting
- Honorary Resolution 2005B - In Recognition of Bruce R. Johnson

- Honorary Resolution 2005C - In Recognition of Joe Thomas
- Honorary Resolution 2005D - In Recognition of Ted Spangler, Adina Christian and Wood Miller
- Honorary Resolution 2005E - In Recognition of Marshall Stranburg
- Honorary Resolution 2005F - In Recognition of Rich Schrader
- Honorary Resolution 2005G - In Recognition of Tim Blevins
- Honorary Resolution 2005H - In Appreciation of Michael E. Brownell
- Honorary Resolution 2005I - In Appreciation of Gerald H. Goldberg
- Honorary Resolution 2005J - In Appreciation of Rick Clayburgh
- Honorary Resolution 2005K - In Appreciation of William N. Rice
- Honorary Resolution 2005L - In Appreciation of René Y. Blocker
- Honorary Resolution 2005M - In Appreciation of Dan R. Bucks

## **B. Policy Statements**

- Policy Statement 03-01: *Respecting Federalism*

Oregon moved the Multistate Tax Commission adopt the recommended amendments to Policy Statement 03-01. Idaho seconded. The Chair declared the resolution adopted on a voice vote with no objections and no abstentions.

- Policy Statement 02-02: *Ensuring the Equity, Integrity and Viability of State Income Tax Systems*

Montana moved the Multistate Tax Commission adopt the recommended amendments to Policy Statement 02-02. New Mexico seconded. The Chair declared the resolution adopted on a voice vote with no objections and no abstentions.

## **C. Policy Resolutions**

- Policy Resolution 05-01: *Resolution in Support of Telecommunications Tax Improvement.*

North Dakota moved the Multistate Tax Commission adopt Policy Resolution 05-01. New Mexico seconded. The Chair declared the resolution adopted on a voice vote with no objections and no abstentions.

- Policy Resolution 05-02: *Resolution in Support of Expansion of Refund Offset Program.*

Arkansas moved the Multistate tax Commission adopt Policy Resolution 05-02. Idaho seconded the motion. The Chair declared the resolution adopted on a voice vote with no objections and no abstentions.

- Policy Resolution 05-03: *Resolution Urging the Adoption and Use of the Alternative Dispute Resolution Program by Compact Member States.*

Oregon moved the Multistate tax Commission adopt Policy Resolution 05-03. New Mexico seconded the motion. The Chair declared the resolution adopted on a voice vote with no objections and no abstentions.

- Policy Resolution 05-04: *Resolution Regarding Tax Fairness in the Proposed Federal Extension of the “Internet Tax Nondiscrimination Act.”*

Oregon moved the Multistate tax Commission adopt Policy Resolution 05-04 with amendments to change “included” to “including” in the 3<sup>rd</sup> whereas clause and to change “General Accountability Office” to “Government Accountability Office” in the 5<sup>th</sup> whereas clause. Alabama seconded the motion. The Chair declared the resolution adopted as amended on a voice vote with no objections and no abstentions.

- Policy Resolution 05-05: *Resolution on White Paper Entitled Sales and Use Tax Compliance Agreements.*

Arkansas moved the Multistate tax Commission adopt Policy Resolution 05-05. New Mexico seconded the motion. The Chair declared the resolution adopted on a voice vote with no objections and no abstentions.

#### **D. Recommended Disposition of 2000 Resolutions Pursuant to Resolution No. 97-7**

The Chair noted resolution Nos. 00-1, 00-3, 00-6 and 00-7 were repealed in 2002 by MTC Policy Statements 02-01 and 02-02. The resolutions recommended to be renewed have now been renewed through affirmative action. Those which have not been recommended for renewal will sunset automatically with no further action necessary, with the exception of 01-08.

Oregon moved to repeal 01-08 (*Resolution Regarding Tax Fairness in the Proposed Extension of the “Internet Tax Freedom Act”*). California seconded the motion. The Chair declared the resolution repealed on a voice vote with no objections and no abstentions.

#### **E. Draft Executive Director’s Statement of MTC Position Regarding 109<sup>th</sup> Congress Legislative Activity**

The Commission had no questions on any of the Statements of Position, with the exception of the last one listed in the Memorandum which expressed uncertainty as to the Commission’s position with regard to S. 1066 authorizing state tax incentives. After discussion, the Chair summarized the consensus of the Commission that the conflicting guidance from Policy Statements on the correct position counseled its deletion. Oregon moved that the Commission refer the matter back to the Resolutions Committee with

directions to discuss the issue and, if it determines appropriate, to form a draft resolution for the Commission's consideration. North Dakota seconded the motion. Kansas objected. Montana abstained. The Chair declared the motion passed.

## **X. Report of the Nominating Committee**

Elizabeth Harchenko presented the report of behalf of the Nominating Committee. The slate of officers consisted of the following nominees:

**Chair:** Joan Wagnon, Kansas

**Vice-Chair:** Dan Salomone, Minnesota

**Treasurer:** Jan Goodwin, New Mexico

### **Executive Committee**

**Members:** Carole Keeton Strayhorn (Billy Hamilton, alternate), Texas  
Dan Bucks, Montana  
Will Bush, California Franchise Tax Board  
Cindi Yates, Washington

### **Executive Committee**

**Members,  
ex officio:** Gerald H. Goldberg, Executive Officer, California FTB  
Timothy Leathers, Arkansas  
Elizabeth Harchenko, Oregon  
Bruce Johnson, Utah

## **XI. Election of Officers and Executive Committee**

California moved the slate of candidates presented by the Nominating Committee be elected to serve for one year. North Dakota seconded. The motion carried.

## **XII. Report of the Chair**

Bruce Johnson, Chair of the Multistate Tax Commission, began by stating that it has been a privilege for him to serve as Chair of the Commission for the last two years. He commented that the state of the Commission is strong and that it has done excellent work, particularly through the State Tax Compliance Committee under the chairmanship of Elizabeth Harchenko. It is gratifying that so much of the work recommended by that Committee has been implemented by the good work of the standing committees.

Mr. Johnson noted that, as Mr. Bucks has often said, the Commission is not the staff. Nor is it the Executive Director. Rather it is the states themselves working together. He

expressed gratitude for their participation and willingness to commit staff to performing the hard work of the Commission. He expressed regret that the “to do” list he is handing to Ms. Wagnon is longer than that which was handed to him by Elizabeth Harchenko two years ago. But he noted the challenges faced by the Commission are expanding and will continue to grow. He thanked the Utah Commission for their willingness to allow him to devote time to this cause. He thanked Rod Marrelli – the Executive Director in Utah.

Mr. Johnson reflected that even though we often say the Commission is not the staff, in one sense the Commission was Dan Bucks. His energy and vigilance have been extraordinary. He recognized problems in tax sheltering, the Internet Tax Freedom Act and many other areas before anyone else realized there were issues. He is vigorous and indefatigable. His departure is a great loss, but it is also wonderful to be able to continue working with him in his new capacity. Mr. Johnson also expressed his appreciation for the help of René Blocker who did not seek the position of Interim Executive Director, but who served ably and longer than was expected or intended. He thanked the rest of the staff for filling in during this period of transitions. He also thanked Elizabeth Harchenko and expressed the hope that he has furthered the initiatives which she began. Mr. Johnson then expressed his confidence in Joan Wagnon and that he is pleased to turn over the Chairmanship to such a capable person. She exemplifies an ownership mentality and has an ability to instill confidence which will be very helpful to the Commission. Mr. Johnson also remarked that he is pleased with the selection of the new Executive Director. He will bring his own strengths and abilities to the Commission.

Mr. Johnson thanked his wife for her patience with all his work responsibilities.

### **XIII. Comments by the Chair-Elect**

Chair Elect Joan Wagnon presented Mr. Johnson with an inscribed glass piece in gratitude for his years of service to the Commission. Ms. Wagnon recognized Mr. Johnson and Ms. Harchenko as role models for future Chairs.

Ms. Wagnon commented on the fact that the Commission is formed by the people who are involved and participate, and that she is gratified to see so many in attendance, including some who have not been as active before. She noted the Commission presents a great opportunity to learn and be involved. She will start her term by returning to the strategic initiatives we outlined back in January. One of the high priorities identified through the strategic planning process was a need for increased advocacy, not just by turning the job over to someone else, but also by involving all of us directly. She told Commission members to count on being called in many times to deliver the MTC message. Another priority for Ms. Wagnon is improved communication among ourselves and with our stakeholders. It was disappointing that we were unable to vote for the Uniformity measures ready for presentation, but the delay gives us an opportunity to build more support for them. She is looking forward to her year as Chair.

### **XIV. Selection of Sites for Future Annual Meetings**

2006	Topeka, Kansas
2007	Minnesota

Montana volunteered to host the 2008 meetings.

## **XV. Adjournment**

The Chair invited everyone to Kansas for the 2006 Annual Meetings and declared the 2005 meeting adjourned.